



# Revised Corporation Income Tax Estimated Payment Worksheets

Kentucky Department of Revenue  
Finance and Administration Cabinet



# Threshold Requirement for Estimated Payments and Due Dates

- KRS 141.042 requires that corporations subject to the corporation income tax make estimated payments if the tax for the taxable year can be reasonably expected to exceed **\$5,000**.
- For calendar year filers, the first estimated payment is due June 15th - 50% of the estimated tax is due.
- For calendar year filers, the second estimated payment is due September 15th – 25% of the estimated tax is due.
- For calendar year filers, the third and final estimated payment is due December 15th – 25% of the estimated tax due.

*Continued*

# Threshold Requirement for Estimated Payments and Due Dates - *Continued*

- If the amount of estimated tax due does not exceed \$5,000 until after June 15th, then make a 75% estimated payment on September fifteenth and a 25% payment on December fifteenth.
- If the amount of estimated tax due does not exceed \$5,000 until after September fifteenth, then make a 100% estimated payment on December fifteenth.
- Fiscal year filers should use the fifteenth day of the sixth month, the fifteenth day of the ninth month and the fifteenth day of the twelfth month to make estimated payments using the same percentages (50%, 25%, 25%) as used for calendar year filers.

## PASS THROUGH ENTITY ESTIMATED INCOME TAX WORKSHEET

(KEEP FOR YOUR RECORDS)

TAX YEAR \_\_\_\_\_

1. Estimated Federal ordinary income adjusted by differences between federal and state .....\$ \_\_\_\_\_
2. Add Distributive Share Items of Income (except guaranteed payments) less deductions .....\$ \_\_\_\_\_
3. Statutory adjustments allowed pursuant to KRS 141.010(12)(13).....\$ \_\_\_\_\_
4. **TOTAL** of Lines 1 through 3.....\$ \_\_\_\_\_
5. Multiply amount on Line 4 by the apportionment factor computed pursuant to KRS 141.120. This is the amount of Kentucky estimated taxable income. ....\$ \_\_\_\_\_
6. Calculate the tax on the amount entered on line 5 using the tax table in KRS 141.040(5)(a) 1. ....\$ \_\_\_\_\_
7. Estimated alternative minimum tax calculation on gross receipts .....\$ \_\_\_\_\_
8. Estimated alternative minimum tax calculation on gross profits .....\$ \_\_\_\_\_
9. Enter the lesser of lines 7 and 8 .....\$ \_\_\_\_\_
10. Statutory exemption.....\$ 5,000
11. Statutory tax credits\* .....\$ \_\_\_\_\_
12. Subtract the total of lines 10 and 11 from the greater of lines 6 and 9.....\$ \_\_\_\_\_



# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation.

**Line 1** - Estimated Federal ordinary income adjusted by differences between federal and state.

- For a pass-through entity that is multi-member LLC that files a partnership return for federal income tax purposes, a limited partnership or limited liability partnership, refer to 2005 Kentucky form 765 and calculate an estimate of Kentucky ordinary income (line 1, form 765).
- For an S-corporation, refer to 2005 Kentucky form 720S and calculate an estimate of Kentucky ordinary income (line 1, form 720S).

# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

## Line 2 - Add Distributive Share Items of Income less deductions

- For a pass-through entity that is multi-member LLC that files a partnership return for federal income tax purposes, a limited partnership or limited liability partnership, refer to 2005 Kentucky form 765, schedule K and:

Add lines 2 –4F and 6-7 (income items)

Subtract lines 8-12 (deductions)

Subtract lines 16-17 (deductions)

- For an S-corporation, refer to 2005 Kentucky form 720S, schedule K and:

Add lines 2 – 6 (income items)

Subtract lines 7 – 11 (deductions)

Subtract line 19 (deductions)



# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

**Line 3** - Statutory adjustments allowed pursuant to KRS 141.010(12)(13)

## **EXCLUDE:**

- **Dividend Income** received after 12/31/1969      141.10(12)(b)
- **50% of gross income derived from any disposal of coal** covered by section 631(c) of the Internal Revenue Code.      141.010(12)(d)
- Income from “**safe harbor leases**”      141.010(12)(h)

# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

## EXCLUDE:

- Any deduction directly or indirectly allocable to income either exempt or not taxed under this chapter.  
**(Expenses relative to nontaxable or nonbusiness income)** 141.010(13)(d)
- **Distributive share income** or loss received from a corporation subject to tax under KRS 141.040. 141.010(12)(m)
- **State Phase II payments received** by a producer or quota owner 141.010(12)(n)



# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

## INCLUDE:

- Income amount calculated under KRS 141.205 “**arms length**” 141.010(13)(g)

## Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

**Line 5** - Multiply amount on Line 4 by the apportionment factor computed pursuant to KRS 141.120.

- If the pass-through entity does business within and without Kentucky, it has to apportion its net income to Kentucky by multiplying the net income figure (worksheet line 4) by a three factor formula of sales, property and payroll. Prior law only required a sales factor to be used as the apportionment formula.
- Refer to 2005 Kentucky form 720, Schedule A instructions for sales, property, and payroll. Please note that the sales factor is double weighted.

$$\text{Sales factor} = \frac{\text{Ky. sales}}{\text{Total sales}} \times 2 = \%$$

$$\text{Property factor} = \frac{\text{Ky. property}}{\text{Total property}} \times 1 = \%$$

$$\text{Payroll factor} = \frac{\text{Ky. payroll}}{\text{Total payroll}} \times 1 = \%$$

- Apportionment factor is total of 3 factors divided by 4 or number of factors present.



## Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

**Line 6 -** Calculate the tax on the amount entered on line 5 using the tax rates in KRS 141.040(5)(a).

- Multiply the estimated taxable income by the following rates:

First \$50,000 x 4%

Next \$50,000 x 5%

Amount over \$100,000 x 7%

# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

**Line 7** - Estimated alternative minimum tax (AMC) calculation on gross receipts

- For purposes of the AMC calculation on gross receipts, “gross receipts” means the numerator of the sales factor under the provisions of KRS 141.120(8)(c). KRS 141.120(8)(c) means total sales in this state.
- Sales of tangible personal property are in this state if:
  1. The property is delivered or shipped to a purchaser, other than the United States government, or to the designee of the purchaser within this state regardless of the f.o.b. point or other conditions of the sale; or
  2. The property is shipped from an office, store, warehouse, factory, or other place of storage in this state and the purchaser is the United States government.
- Sales, other than sales of tangible personal property, are in this state if the income-producing activity is performed in this state; or the income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

**Line 8** - Estimated alternative minimum tax (AMC) calculation on Kentucky gross profits

- “Kentucky gross profits” means: Kentucky gross receipts reduced by returns and allowances attributable to Kentucky gross receipts, less the cost of goods sold attributable to Kentucky gross receipts;
- "Cost of goods sold" means the cost of goods sold calculated using the same method specified by the Internal Revenue Service for the purpose of computing federal income tax.

# Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

## Line 10 – Statutory Exemption

- The exemption is \$5,000.
- If the estimated tax liability is under \$5,000, then estimated payments aren't due.
- For the estimated tax liability based on net income, taxable net income equal to or greater than \$107,143 would result in an estimated tax liability of greater than \$5,000. This threshold assumes the taxpayer has no tax credits.
- For the estimated tax liability based on Kentucky gross receipts (AMC), Kentucky gross receipts equal to or greater than \$5,263,158 would result in an estimated tax liability of greater than \$5,000. This threshold assumes the taxpayer has no tax credits.
- For the estimated tax liability based on Kentucky gross profits (AMC), Kentucky gross profits equal to or greater than \$666,667 would result in an estimated tax liability of greater than \$5,000. This threshold assumes the taxpayer has no tax credits.

## Pass-through entity estimated income tax worksheet calculation, including estimated alternative minimum calculation – cont.

- **Line 11 – Statutory Tax Credits**
- The credits listed in KRS 141.0205(4) in House Bill 272 are subtracted in arriving at the estimated tax due. These credits include various tax credits enacted to encourage jobs growth in the Commonwealth.

# INDIVIDUALLY OWNED LLC ESTIMATED INCOME TAX WORKSHEET

(KEEP FOR YOUR RECORDS)

TAX YEAR \_\_\_\_\_

1. Estimated Federal income from Schedules C, E, or F .....\$ \_\_\_\_\_  
(Lines 31, 26, and 36 respectively.)
2. Add Other Income(loss) Adjusted for Federal\State differences .....\$ \_\_\_\_\_
3. Adjustment for Federal\State difference in Section 179 expense deduction.....\$ \_\_\_\_\_
4. Statutory adjustments allowed pursuant to KRS 141.010(10)(11).....\$ \_\_\_\_\_
5. **TOTAL** of Lines 1 through 4.....\$ \_\_\_\_\_
6. Multiply amount on Line 5 by the apportionment factor computed pursuant to  
KRS 141.120. This is the amount of Kentucky estimated taxable income. ....\$ \_\_\_\_\_
7. Calculate the tax on the amount entered on line 6 using the tax table in  
KRS 141.040(5)(a) 1. ....\$ \_\_\_\_\_
8. Estimated alternative minimum tax calculation on gross receipts . ....\$ \_\_\_\_\_
9. Estimated alternative minimum tax calculation on gross profits .....\$ \_\_\_\_\_
10. Enter the lesser of lines 8 and 9 .....\$ \_\_\_\_\_
11. Statutory exemption.....\$ 5,000
12. Statutory tax credits\*.....\$ \_\_\_\_\_
13. Subtract the total of lines 11 and 12 from the greater of lines 7 and 10. ....\$ \_\_\_\_\_





# Individually Owned LLC Estimated Income Tax Worksheet

**Line 1** - Estimated Federal income from Schedules C, E, or F (Lines 31, 26, and 36 respectively.)

- Include those items from Schedules C, E, or F that reflect income and deductions of single member LLC's.

# Individually Owned LLC Estimated Income Tax Worksheet

Line 2 – All other Income(loss) adjusted for Federal/State differences.

- Include all other LLC income reported on Federal Form 1040. Such items of income might include interest reported on Federal Schedule B, Net Capital gains reported on Federal Schedule D and gains/losses reported on Federal Form 4797

# Individually Owned LLC Estimated Income Tax Worksheet

**Line 3** - Adjustment for Federal\State  
differences

- Adjust for depreciation and Section 179 differences. Kentucky still follows the Internal Revenue Code in effect on December 31, 2001 for depreciation and section 179.

# Individually Owned LLC Estimated Income Tax Worksheet

Line 4 - Statutory adjustments

## EXCLUDE:

- **Income exempt from state taxation** by the Kentucky Constitution and the Constitution and statutory laws of the US. 141.010(12)(a)
- **Dividend Income** received after 12/31/1969 141.10(12)(b)
- **50% of gross income derived from any disposal of coal** covered by section 631(c) of the Internal Revenue Code. 141.010(12)(d)
- Income from “**safe harbor leases**” 141.010(12)(h)
- Income received from the **Master Settlement Agreement (tobacco)**. 141.010(12)(i)
- Income from the secondary settlement fund “**Phase II**” **(tobacco)** 141.010(12)(j)

# Individually Owned LLC Estimated Income Tax Worksheet

## EXCLUDE:

- Income received from Commodity Credit Corporation as a **result of a reduction in the quantity of tobacco quota allotted** 141.010(12)(k)
- Value of leasehold interest of **property contributed for a homeless family** 141.0202
- Any deduction directly or indirectly allocable to income either exempt or not taxed under this chapter. (**Expenses relative to nontaxable or nonbusiness income**) 141.010(13)(d)
- **Distributive share income** or loss received from a corporation subject to tax under KRS 141.040. 141.010(12)(m)
- **State Phase II payments received** by a producer or quota owner 141.010(12)(n)

# Individually Owned LLC Estimated Income Tax Worksheet

## INCLUDE:

- **Interest income** from obligations of sister states and political obligations. 141.010(12)(c)
- **State taxes** computed in whole or in part, by reference to gross or net income. 141.010(13)(a)
- Income amount calculated under KRS 141.205 “**arms length**” 141.010(13)(g)

# Individually Owned LLC Estimated Income Tax Worksheet

Lines 5 through 12 – Follow the same instructions as outlined in slides for lines 5 through 12 for the worksheet for partnerships, multi-member LLC's and S corporations.

KENTUCKY  
ESTIMATED TAX VOUCHER  
INSTALLMENT 1

2005 CORPORATION INCOME TAX  
Form 720-ES

Date \_\_\_\_\_

\_\_\_\_\_

Kentucky Account No.

\_\_\_\_\_

Tax Year Ending (mo./yr.)

Make check payable to:  
Kentucky State Treasurer.

Name and Address	Payment Date (mo./yr.) ____/____/____	Federal Identification Number ____-____-____
	Name of Corporation or Affiliated Group (Print or Type)	
	Number and Street	
	City, State, ZIP Code	Telephone Number

Amount Paid  
(From Worksheet)

\_\_\_\_\_



Mail to:

Kentucky Department of Revenue 41A720ES9903  
Frankfort, KY 40619-0007

Print or Type  
Name of President \_\_\_\_\_

41A720ES (09-04)

DO NOT ATTACH CHECK TO VOUCHER





# Payment of Amount Due

- Submit payment of estimated tax due on June 15th on form 720 ES. A check made payable to Kentucky State Treasurer should be included along with the appropriate worksheet.
- C corporations and LLC's that have been filing as a C – corporation for Kentucky tax purposes should also file form 720 ES taking into account the new corporation income tax rate brackets.

# Registration Issues

- Existing pass-through entities that currently have a Kentucky sales, withholding or coal tax account number and are subject to the corporation income tax under the provisions of House Bill 272 will be assigned a corporation income tax account number by the Department of Revenue. We will notify the taxpayer of their corporation income tax account number.
- If your client has an account number, please enter the account number on form 720-ES.
- Existing pass-through entities subject to the corporation income tax under the provisions of House Bill 272 but not registered for sales, withholding or coal tax must file Form 10A100 Kentucky Tax Registration Application. Just fill in the portion of the form that relates to corporation income tax.
- Form 10A100 Kentucky Tax Registration Application will be available in the near future as a fill in the blank form.

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# References

Statutes and Regulations mentioned in this handout can be accessed from the Legislative Research Commission (LRC) website at:

<http://lrc.ky.gov/legresou/legres2.htm>

HB 272 can also be accessed from the LRC website at:

<http://www.lrc.ky.gov/record/05rs/HB272.htm>

# Contacting the Department of Revenue

- If you have any questions regarding filling out a registration application, please call (502) 564-3306.
- If you have questions regarding estimated payments or how House Bill 272 applies to your business, please call (502) 564-8139.
- Direct Corporate Tax Line - (502) 564-8139